temenos

What's New in Temenos Transact

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Release Highlights

Application Framework

System Core » Standardizing COMO Logs and Including Message Level

COMO logs are now standardized to include log message levels in COMO content, during COB and standalone service execution in Transact. COMO holds a huge volume of data, which makes tracking difficult. To facilitate ease in message identification, the facility is provided to prefix Message Level to the actual contents. The user can define the *Attribute Name* and *Attribute Value* fields in `TSA.PARAMETER` to INCL.COMO.MSG.TYPE and YES, respectively.

The topic related to this feature is given below:

Standardize the COMO logs in Transact

Banking Framework

Accounts » Multilateral Netting Settlement

Forex supports Continuous Linked Settlement (CLS), which eliminates settlement risk (risk involved due to no simultaneous exchange of currencies) through a Payment vs Payment (PvP) mechanism. Multilateral netting settlement process is introduced for netting and processing the Forex CLS trades for a given value date and currency as a single settlement through the identified Nostro account. The `NETTING` application integrated with the Payment Order handles multilateral trade settlement for the Forex CLS trade

The topics related to this feature are given below:

Multilateral Netting Settlement

Multilateral Netting Settlement in Payment Netting

Accounts » Deferred Balance Update

The balance and entry updates can be deferred in Transact for High Volume Internal Accounts such as Contra Accounts. When an Account is set to Defer Balance Updates, the user accepts that the balances and enquiries for this account may not be up to date. The deferred entries will be processed by a continuous background service that performs the updates. The background Service will post the entries as NON-HVT.

Click here to understand the technical impact of this enhancement for customisation and upgrades.

Click here to understand the installation and configuration updates for this enhancement.

The topics related to this feature are given below:

Deferred Balance Update

Configuring Deferred Balance Update

Updating Deferred Balance

Regional Banking Solutions

China Model Bank

Cash and Till Processing

This module allows users to manage the cash flow from Popular Bank of China (PBOC) to the headquarters or region and from there, further down to the branches, and to handle the internal maintenance of the cash within the branch after the cash is received from PBOC, for a smooth cash movement within the branch and for other cash related internal operations like till set up, teller assignment etc.

Also, with this module, users are able to define the cash limit at the company level, to modify the teller's till attributes, and transfer funds between various entities like PBOC, HQ, chief teller, and teller.

The topic related to this feature is given below:

Cash and Till Processing

Customer Infrastructure » SAFE Reporting

As CNY is not freely convertible, in China, business related to FCY are strictly monitored by various departments of the China government, including the National Development and Reform Commission (NDRC), Custom, Public Bank of China (PBOC), State Administration of Foreign Exchange (SAFE), etc. in order to control the Foreign Exchange Reserve in China. SAFE is the highest organisation in China in charge of monitoring all the foreign currency business and CNY Cross-border business in China (Hong Kong and Macau are allowed to settle trading by CNY now) based on a series of related regulations for banking in China.

The SAFE declaration includes the following information:

- International Balance of Payment Declaration (BOP related data).
- Information Declaration for the A/Cs in FCY (ACC related data).
- Information Declaration for BUY/SELL CNY transactions (JSH related data).

This functionality allows banks to provide certain data to the reporting system. The above reports will be handled by an external regulatory reporting system.

The topic related to this feature is given below:

Customer Infrastructure

Germany Model Bank

Taxation Interface to CPB SECTRAS » Trailer Fee Reimbursement

This functionality allows banks to generate the SECTRAS messages for trailer fees reimbursements that are paid to the customers. Temenos Transact will be able to automatically credit the customer with the net settlement amount after deducting the German tax amounts based on SECTRAS's response. In case of modification or cancellation to the trailer fee reimbursement transaction, banks will be able to share the modification or cancellation information with the CE interface file.

The topic related to this feature is given below:

Taxation Interface to CPB SECTRAS

Hungary Model Bank

Warrants » Completion Reason Codes

This functionality allows banks to communicate the responses from Temenos Transact to the third party clearing system in the operation at the bank (PCS), whenever a queue is completed, cancelled, or terminated due to various reasons.

The following items have been introduced as part of this functionality:

- A new reason code has been created and updated in Temenos Transact for various scenarios in the queuing solution.
- The HUWRNT.REJECTED.WARRANTS enquiry has been introduced to allow users to view the warrants rejected during the primary validations.

The topic related to this feature is given below:

Warrants

Warrants » Daily Report of Forced Collections

This functionality allows banks to view the report with the details of the forced collection of regulatory warrants by reversal of the Unauthorised Overdraft (UOD) settlements on the expiry date of the warrant. As per the Hungarian regulations, if any UOD fees, charges, or interest is collected by the bank on the payer account during the queue period of the regulatory warrant, then such UOD collection will be reversed and forced settled towards the Regulatory Warrant (RW) if the warrant is not fully settled on the expiry.

The HUWRNT.FORCED.COLLECTION.REPORT.RW enquiry has been created as part of this functionality to allow users to view the forced collection report of regulatory warrants.

The topic related to this feature is given below:

Warrants

Warrants » Exempt Amount Calculation

This functionality allows banks to calculate the exempt amount excluding the accounts that have posting restrictions. Also, posting restrictions are removed from a queuing account so that the system will lock the account and update the pending amount and total locked amount in the `HUWRNT.QUEUE.ITEMS` application.

The topic related to this feature is given below:

Warrants

Warrants » Queuing UOD's in Accounts on Balance Basis

The amount drawn over and above the sanctioned limit, in case of overdraft accounts, and any debit balance in case of accounts without a sanctioned limit is termed as Unauthorised Overdrafts (UOD).

This functionality allows banks to manage the unauthorised overdraft when this one exists on an account. If the UOD is not regularised and the UOD amount increases due to the capitalisation of charges and (or) interest, the same queue will be retained and the queue amount will be increased to reflect the outstanding debit balance in the account. The `HUWRNT.QUEUE.ITEMS` application will be updated with the total or pending payment amount, along with the original date when the account was overdrawn.

The topic related to this feature is given below:

Warrants

Warrants » Shared Limits

This functionality allows banks to add, increase, decrease, remove and cancel or handle the expiry limits in the queuing solution, and handle limits that are shared between multiple accounts of a customer.

The update limit activity in the Arrangement Architecture (AA) will handle the limit added to the account. An activity API is attached to the update limit activity. The activity API will be triggered upon the limit addition. This API will refer to the `HUWRNT.QUEUE.ITEMS` and `HUWRNT.CUS.QUEUE.INFO` applications. The API will fetch the arrangement account and customer *Id* and will refer to the applications above to find if a queue item exists on the account or on extended accounts. If an entry is found in the applications above and there is an active queue item, the API will check the queue type of the queue item.

The topic related to this feature is given below:

Warrants

UK Model Bank

Other Interest Report

Her Majesty's Revenue and Customs (HMRC) requires banks to share the Other Interest (OI) Returns generated for the customers. This report will contain the list of all transactions where the customer has generated an Income as a result of an underlying corporate action on the portfolio. This report will include/report the transactions of all single holders and joint holders who co-own the portfolio. Also, with regard to Other Interest (OI) Reporting, a reportable individual customer is someone with a residential address in the United Kingdom. The information represented in the Other Interest (OI) Return makes sure that self-assessment tax returns are accurate and complete.

This module allows banks to generate the other interest report which holds the list of account owners who have benefited from a corporate action event.

The topic related to this feature is given below:

Other Interest Report

United States Model Bank

ACH Framework » ACH Automatic Returns

This functionality allows banks to manage the automatic returns of incoming transactions in exception. Based on the type of exception faced, the appropriate return code will be populated in the payment and returned at the time of cut-off if no manual intervention has been done to correct and post or return the exception transaction.

An optional flag has been introduced in the clearing parameter to allow users to choose if the automatic return is required, and if required, the user can choose to return only debit transactions, only credit transactions or both debit and credit transactions.

The topic related to this feature is given below:

ACH Framework

ACH Framework » ACH Credit Exception Account Missing

This functionality allows banks to view credit transactions with incorrect credit accounts and make decisions to either post or return those transactions.

Users have the option to select the transactions in the exception queue failed for the invalid account reason and to process the transaction with the correct account number.

The topic related to this feature is given below:

ACH Framework

Retail

Fixed Deposits and Retail Accounts » Notice Request Validations during Locking of Funds through GAI

Banks can now validate the available balance in the Notice account and deposit while locking funds on the account or deposit that has a notice in the process.

When the system locks the funds for a transaction posted through the General Accounting Interface (GAI) on a notice account or deposit, it is possible to inform the user if the notice withdrawal and the available balance can get affected.

A new rule validation routine is now available to check if a notice withdrawal might get affected due to the existing notices and the locked amount.

The topics related to this feature are given below:

Notice Request Validations during Locking of Funds through GAI - Accounts

Notice Request Validations during Locking of Funds through GAI - Deposits

Activity Restriction - Periodic Attribute Class Update

Arrangement Architecture » Generating a record in `DD.ITEM` for the Combined Bill Amount

When more than one bill is settled using the same *DD Mandate*, the system automatically combines the bill amounts to generate a single record in `DD.ITEM`. The bill amounts are combined only when,

- *Combine Bills* in payment schedule is set to Yes
- Bills are issued on the same date
- Bills are made-due on the same date
- Bills are configured to be auto-settled using the same *DD Mandate*

This feature reduces the risk of lock collisions when an automatic settlement through DD is defined.

The topics related to this feature are given below:

Settlement condition - Direct Debit

Settlement of Direct Debit Item - Illustration

Fixed Deposits and Retail Lending » IFRS Processing of RFR Cashflow Updates

IFRS recommends to de-recognise any changes to the original contractual cashflow and recognise them as a new asset with the new Effective Interest Rate (EIR).

Temenos Transact is now enhanced with a new AA.ACTIVITY for the initial IBOR transition to RFR. This activity updates the initial and the ongoing cashflow modification due to the changes in RFR by a cashflow handoff during the RFR rate revision process. This helps in measuring the customer asset and liability accurately.

The topics related to this feature are given below:

IFRS Processing - Lending

IFRS Processing - Deposits

Arrangement Architecture, Fixed Deposits and Retail Lending » Processing RFRs using Non-Cumulative Compounded Rate Option

Temenos Transact now supports the Non-Cumulative Compounded Rate (NCCR) option for *RFR Calc Method* in Interest Property conditions. This method is more accurate when there are changes in principal within a given interest period. It helps to prorate the accrued interest for the reduced principal amount without repaying the entire accrued interest on the loan amount.

Click here to understand the technical impact of this enhancement for customisation and upgrades.

The topics related to this feature are given below:

Non-Cumulative Compounded Rate (NCCR)

NCCR Calculation - Lending

NCCR Calculation - Deposits

NCCR Illustration

Arrangement Architecture, Fixed Deposits and Retail Accounts » Negotiating Product Qualifier Rules at Arrangement Level

Banks can now define and negotiate the product qualifier rules at arrangement level for notice accounts and deposits. Hence, for notice products (products that support notice withdrawal functionality), the user need not define the property type as 'Product Qualifier and Product only' for the instance of the Activity Restriction Property Class that is used for product qualifier rule definition.

The topics related to this feature are given below:

Notice Reference Attribute in Notice Withdrawal Transaction Class

Removal of Product only validation for Product Qualifier Rules in Notice Products

Notice Reference during Change and Cancel Activities - Notice Accounts

Notice Reference during Change and Cancel Activities - Notice Deposits

Negotiating Product Qualifier Rules at Arrangement Level

Retail Lending » Loan Interest Rates post Maturity

It is now possible to configure the reversal of the total commitment balance during the pending closure process instead of maturity. The *Commitment Reversal* attribute introduced in Term Amount product condition helps to configure this reversal. When the attribute is set as:

- On Closure - It reverses the total commitment balance during pending closure process instead of maturity.
- None or On Mature- It reverses the total commitment balance during maturity process.

The topics related to this feature are given below:

Configuring *Commitment Reversal*

Commitment Reversal Attribute

Interest Based on Total Commitment

Arrangement Architecture and Retail Lending » Deferred Repayment of Payment Holiday Interest

Transact now allows the user to specify how the interest accrued during the holiday period needs to be invoiced after the payment holiday period. The user can either configure to invoice the entire Interest accrued during the holiday period, immediately in the upcoming installments or invoice the interest accrued during the holiday period equally over the specified number of coming installments (maximum up to the maturity).

Click here to understand the technical impact of this enhancement for customisation and upgrades.

The topics related to this feature are given below:

Updates in Payment Schedule

Updates in Payment Holiday

Configuring Payment Holiday

Arrangement Architecture » Combined Settlement Using Temenos Transact Account

Banks can combine the bill amounts and generate a single settlement for the combined amount when more than one bill is automatically settled with the same payment date and Transact account. To provide this functionality, the Settlement property class is enhanced with the following two new attributes:

- Payin *Account Settlement*
- Payout *Account Settlement*

When these fields are set to Combined and automatic settlement using Temenos Transact account is defined, then the system combines the bill amounts and generates a single settlement for the combined amount when the following criteria are met:

- *Combine Bills* is set as Yes
- Bills have the same payment date
- Bills are configured to be settled using the same Temenos Transact account

Same *Settle Activity* is defined for all the bills

The topic related to this feature is given below:

Combined Settlement Using Temenos Transact Account

Technology

Interaction Framework

IRIS R18 » Externalization of API properties for IFX Framework

IRFX is now enhanced to enable the externalization feature that overrides the property attribute through a system environment variable. The undefined property attributes get the default value as per the class path. You can override the property attribute without modifying the properties in the war file. This feature is more beneficial to cloud specific environment due to the frequent changes in the property values.

Click here to understand the technical impact of this enhancement for customisation and upgrades.

The topic related to this feature is given below:

Externalization of API Properties

Treasury

Treasury Front Office » Booking of What-If Deals in TFO

TFO is now enhanced to support the What-If deals functionality to book FX What-If deals. It allows the user to simulate and view the impact on position, limits and P&L without post trade back-office verification and authorisation. Such deals are limited to Treasury Front Office users only. This functionality provides better position and risk management in TFO.

Click here to understand the installation and configuration updates for this enhancement.

The topics related to this feature are given below:

What-If Deals

TY.PARAMETER

Swaps » Correction of RF Rate and Pre-termination of RFR Swaps

The Swaps (SW) module supported the pre-termination of contracts by manually modifying the maturity date but did not support the cancelling (zeroing) of the interest accrued for the current interest period. The SWAP application calculated the compounded RF rate applicable for the contract but did not allow the user to amend the final applicable rate in scenarios, where the system-calculated rate did not match with upstream systems.

The Swap (SW) module is enhanced to allow users to manually amend the final RF rate in the SWAP application to enable rate correction or pre-terminate the

contracts. The *As Rf Rate* and *Lb Rf Rate* fields have been introduced in the `SWAP` application for the asset and liability leg respectively. If the rate defined in the *As Rf Rate* and *Lb Rf Rate* fields is zero, then the interest accruals for the current interest period will be zeroed out online after the Treasury Supervisor authorises the contract.

For rate correction, the rate entered by the user in *As Rf Rate* and *Lb Rf Rate* is the final rate and is used to calculate the interest accrual amount and total interest amount.

For swap contracts, where the Plain Arrears option and *Payment Delay Convention* field are used, the *As Dp Rf Rate* and *Lb Dp Rf Rate* fields are introduced to allow the final RF rate to define the processing of the delay payment schedule.

This functionality allows the user to initiate rate correction or pre-termination of the contract during anytime of the current interest period.

The topic related to this feature is given below:

Pre-termination and Rate Correction of RFR Swap Contracts

Money Market » Processing of Non-Cumulative Rate Compounding (NCCR) for RFR-linked Contracts Deals

The Money Market module is enhanced to support the Non-Cumulative Compounded Rate (NCCR) method, which is a daily compounded rate derived from Cumulative Compounded Rate (CCR), that is, CCR as of current day minus the CCR of the previous banking day. The CCR generates a daily compounded rate that helps banks to easily calculate daily interest using the compounded rate for that day(s).

The NCCR method is the recommended approach as it is more accurate when there are frequent principal changes within a given interest period and while pre-closure of RFR loans within a given interest period. The NCCR helps those

market participants who regularly deal with mid-period events, such as frequent prepayments in RFR-linked loans and borrowings.

The topics related to this feature are given below:

Configuring *RFR Calc Method*

Non-Cumulative Rate Compounding

Installation and Configuration Notes

Banking Framework

Accounts » Deferred Balance Update

To enable the deferred HVT functionality, new fields are added to HVT.PARAMETER and ACCOUNT. The deferred entries are written to AC.STMT.ENTRY.PENDING (a new table), the layout of this table is the same as STMT.ENTRY. The *Deferred Status* field is added to STMT.ENTRY to hold the deferred status.

The following new fields have been added to Transact.

Table	Fields
AC.HVT.PARAMETER	*Deferred Balance Update* *Deferred Ids To Batch* *Deferred Consolidate Ent*
ACCOUNT	*Deferred Balance Update*
STMT.ENTRY	*Deferred Status*

Treasury

Treasury Front Office » Booking of What-If Deals in TFO

To enable the What-If functionality, the following installation and configuration needs to be in place:

- Acquire the TYWTIF feature code and install the product
- Configure the *Whatif Update* field in `TY.PARAMETER`

Technical Notes

Banking Framework

Accounts » Deferred Balance Update

The following are the technical notes for this functionality:

- *Accounting Subrtn* attached to `ACCOUNT.PARAMETER` is invoked while accounting boundary that supports any local processing required by the user.
- *Accounting Subrtn* accepts the entry record as one of the arguments based on which users can process their required action.
- Call to this API for an account with deferred updates has *Deferred Status* as Pending while clearing the transaction boundary. The same API is invoked while AC.MERGE.STMT.ENTRY.PENDING where *Deferred Status* is updated as Posted.
- The user must modify *Accounting Subrtn* to process the entry based on the *Deferred Status*.

Retail

Arrangement Architecture, Fixed Deposits and Retail Lending » Processing RFRs using Non-Cumulative Compounded Rate Option

TERMRATE API is enhanced to store the unannualised compounding rate (UCR) in RFR Storage tables, which is important to calculate NCCR.

Arrangement Architecture and Retail Lending » Deferred Repayment of Payment Holiday Interest

Click AC.EVENTS to see the events updated to handle the holiday interest component.

Technology

IRIS R18 » Externalization of API properties for IFX Framework

The Externalization feature requires 202207 libraries and setting up of bean value manually.